

Senate to balance the budget, reduce the size of Government, and to allow average working-class people to keep more of their hard-earned tax dollars. And the passage of the \$500 per child tax credit is the best message that we can send that our promises will be kept.

While we still may need to work out all the details of this plan, we should all agree on the overall thrust of empowering people, not Government; rewarding taxpayers, not the bureaucrats; and take money out of Washington and leave it in the hands of the people who have earned it.

We cannot back down now. We must continue to push ahead in spite of the criticism that is aimed our way by the defenders of the status quo. They will try to chip away at this tax cut in an attempt to maintain the grip that they have held on your salary for the past 40 years. So I encourage my colleagues to resist these attacks, to be proud of our efforts to cut taxes, because it is the right thing to do.

Mr. President, I again commend Chairman ROTH and the majority leader for producing this tax package. I look forward to supporting a balanced budget and a \$245 billion tax-cut plan here on the Senate floor. We can do both. We must. We will cut taxes and we will balance the budget this year.

Thank you very much. I yield the floor.

Mr. KYL addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

#### A BALANCED BUDGET

Mr. KYL. Mr. President, earlier this year the Congress had the opportunity to pass the balanced budget amendment and put an end to chronic budget deficits. As we know, the amendment failed by a single vote. A number of those who opposed it did so saying it was not needed, that Congress could balance the budget if only it had the courage and the will to do so.

Well, those of us who heard the message that the American people sent so loudly and clearly just about a year ago pledged that with or without the balanced budget amendment, we would work to balance the budget by the year 2002, just as we promised the American people last fall. Failing to address the budget problem not only threatens the economic well-being of generations to come, but also the ability of our Government today to respond to our needs.

The national debt now amounts to about \$18,500 for every man, woman, and child in the country. In 1994, every American paid an average of about \$800 in taxes just to pay the interest on the national accident. My new grandson, born just 5 months ago, can expect to pay \$187,000 in his lifetime just to service the debt, just to pay the interest on the debt. I cannot look at him without thinking of that obligation, without thinking of our responsibility to every child like him where this Congress and

the Congresses before us have run up the credit card debt and, in effect, as we leave the stage, we will be handing that to our children and our grandchildren. It is immoral, Mr. President.

The gross interest on the national debt will amount to nearly \$300 billion this year. That is \$300 billion of lost opportunity now, money that cannot be spent on health care or housing for the poor, nutrition, law enforcement, and defense—anything else. We cannot afford not to balance the budget given these realities.

A failure to balance the budget means condemning our children and grandchildren to a declining standard of living just because we are unwilling to pay our bills today.

Balancing the budget will not only pay dividends to future generations in that they will have less in taxes to service the debt and thus get more out of their Government for every dollar they pay, it will also pay dividends to our generation as well.

The Congressional Budget Office predicts that a balanced budget by the year 2002 would facilitate a reduction in long-term real interest rates of between 1 and 2 percent.

For business, a 2-percent interest rate reduction would result in lower investment costs, opening up new opportunities for job creation and business expansion.

A 2-percent reduction on a typical 30-year \$80,000 mortgage would save homeowners \$107 a month, that is \$1,284 a year, or over \$38,000 over the life of the mortgage.

A 2-percent reduction in interest rates on a 4-year \$15,000 new car loan would save the car buyer \$676.

A 2-percent reduction on a typical 10-year student loan for a 4-year private college would save students and their parents nearly \$9,000 in interest costs, an 8.5-percent cost reduction.

Critics will not argue these points, but they are not willing to make the difficult choices to balance the budget either. They are avoiding their responsibility.

Frankly, as the Senator from Georgia pointed out a moment ago, President Clinton has no plan to balance the budget and, therefore, must accept key responsibility today. The CBO projects that the President's so-called balanced budget plan would result in \$200 billion annual deficits for the foreseeable future. So that is not an alternative.

Let us put the Republican budget into perspective. This year, the Federal Government will spend about \$1.59 trillion, a sum of money that none of us can really comprehend, Mr. President, but that is \$1,590,000,000,000.

In 7 years, by the year 2002, we will be spending \$1.88 trillion—\$1,880,000,000,000 that is an additional \$300 million, or an increase of 18 percent.

One of the areas of growth is Medicare. Even under the Republican budget, Medicare spending will rise from about \$178 billion this year to \$274 bil-

lion in the fiscal year 2002, that is an average increase of about 6.4 percent per year. Medicare spending will be 54 percent higher by the year 2002.

Mr. President, I was just informed before I came over to the floor that my office has begun receiving a lot of telephone calls from seniors who have received a bulletin from the AARP warning of a cut in Medicare. With all due respect to the people who prepared that bulletin, I think we need to assure the senior citizens of this country that that bulletin is wrong; that they need not be worried about a cut in Medicare because, as I just said, under the budget that is being criticized, Medicare spending will rise from \$178 billion today to \$274 billion 7 years from now. In other words, we will be spending 50 percent more in 7 years than we spend today.

Total Medicare spending will be \$1.6 trillion over the next 7 years, 73 percent higher than what was spent over the previous 7 years. And on average, per beneficiary, Medicare spending will increase from about \$4,800 per person this year to \$6,700 by the year 2002. That is a \$1,900 increase. I think that it is totally irresponsible for any organization to be scaring America's senior citizens, asserting that a \$1,900 increase is a cut.

The money that we are spending on Medicare is a lot of money, but we believe it is necessary to care for our senior citizens. We also know that it is necessary to prevent the Medicare Program from going broke. The Republican budget will slow the growth in Medicare because the Medicare trustees have warned us that without doing so, the system will go broke.

But are we cutting the growth in Medicare in order to pay for tax cuts for the rich? No. Revenues in fiscal year 1996 are projected to be \$1.4 trillion. By 2002, they will total \$1.88 trillion. That is 34 percent more than this year. So revenues to the Federal Treasury are increasing, not declining. We are proposing that those revenues just not increase quite so much, just like we are proposing that spending just not increase by quite so much; that a tax cut is not reducing the revenues to the Federal Treasury. They are still going up by 34 percent.

Many in the opposition do not want to concede that Medicare spending constraint is needed because, frankly, they like big Government—the Government that chooses the doctors people see, the procedures that they perform. They do not want to see tax relief because it deprives them of the revenue to expand Government even further into our lives.

Let me conclude by talking for a moment about our proposed tax cuts. Tax relief is really the dividend we are giving the American people from the downsizing of the other parts of the Government: The \$200 million reduction in the congressional budget, which the President has vetoed; elimination of the Commerce Department, which he